

TAHOE RENO INDUSTRIAL CENTER,  
LLC,

Plaintiff,

vs.

BRONWOOD, LLC et al.,

Defendants.

## ORDER

Plaintiff alleges that at least three Defendants are California residents. (*See* Compl. ¶¶ 2–3, 5–6. Mar. 28, 2014, ECF No. 1). As to its own citizenship, Plaintiff alleges only that it is a Nevada limited liability company, an allegation that says nothing of Plaintiff’s citizenship for the purposes of the diversity statute. *See Johnson v. Columbia Props. Anchorage, LP*, 437 F.3d 894, 899 (9th Cir. 2006) (“[L]ike a partnership, an LLC is a citizen of every state of which its owners/members are citizens.”). Plaintiff makes no allegation as to its owner(s), member(s), or

1 manager(s). The public records of which the Court may take judicial notice, i.e., on the Nevada  
2 Secretary of State's public website, indicate that TRIC's sole manager is Norman Properties, Inc.  
3 ("Norman"), with an address in Poway, California. The California Secretary of State's website  
4 does not indicate any such California corporation. However, the public website  
5 <normanproperties.com> indicates the company has the same Poway, California address as is  
6 given on the Nevada Secretary of State's website, which indicates that the Poway, California  
7 address is Norman's headquarters. In response, TRIC alleges that although its sole *manager* is a  
8 California entity, its *members* are all Nevada citizens, and that controls the diversity analysis.  
9 The public records do not reveal the identities of TRIC's managers, but Mr. Don Norman's  
10 declaration as to the membership of TRIC is adduced, (*see* Norman Decl., May 16, 2014, ECF  
11 No. 15-2, at 116), and Defendants do not rebut it. This is a self-serving declaration with no  
12 supporting evidence. The Court simply cannot say at this time whether there is complete  
13 diversity of citizenship.

14 Even assuming there were complete diversity, however, the Court must examine whether  
15 the assignment of the judgment at issue was collusive. The Court finds that it was. "A district  
16 court shall not have jurisdiction of a civil action in which any party, by assignment or otherwise,  
17 has been improperly or collusively made or joined to invoke the jurisdiction of such court." 28  
18 U.S.C. § 1359. Factors to be considered in deciding whether an assignment is improper or  
19 collusive are: (1) whether there good business reasons for the assignment; (2) whether the  
20 assignee had a prior interest in the item; (3) whether the assignment was timed to coincide with  
21 commencement of litigation; (4) whether any consideration was given by the assignee; (5)  
22 whether the assignment was partial or complete; and (6) whether there was an admission that the  
23 motive was to create jurisdiction. *See Attorneys Trust v. Videotape Computer Prods., Inc.*, 93  
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1 F.3d 593, 595–96 (9th Cir. 1996). “The objective fact of who really is the party in interest is the  
2 most important thing to be determined. *Id.* at 596. “[E]ven when there is a complete  
3 assignment, collusion may be found. That is most likely to be where there is an excellent  
4 opportunity for manipulation, as in transfers between corporations and their subsidiaries or  
5 transfers to a shell corporation.” *Id.*

6 Defendants adduce a copy of an Acknowledgement of Assignments of Judgment filed by  
7 Don Norman in the Los Angeles Superior Court. (*See* Acknowledgement, Mar. 27, 2014, ECF  
8 No. 9-1, at 3). In that document, Norman states that the judgment was originally entered in favor  
9 of himself, Norman Properties, Inc., and TRIC, but that he and Norman Properties, Inc. had  
10 assigned their shares of the judgment to TRIC. (*See id.*). Don Norman has confirmed in his  
11 declaration that he is the President of the assignor company, Norman Properties, Inc. Norman  
12 makes no claim of having received any value for the assignment. In its arguments, TRIC does  
13 not claim having given consideration for the assignment but only that it paid the legal fees and  
14 costs in the underlying action on behalf of all three original judgment creditors.

15 The Court can identify no good business reasons for the assignment, which, although  
16 apparently complete, was apparently made for no consideration. The assignment was clearly  
17 timed to coincide with the commencement of litigation the day after the assignment. On the  
18 other hand, the assignee had a prior interest in the subject of the assignment and there is no  
19 admission of collusion. On balance, the Court is convinced that the assignment was made to  
20 create jurisdiction. All three of the original judgment creditors are the real parties in interest, and  
21 the Court does not doubt that Norman and Norman Properties, Inc. would obtain their share of  
22 the original judgment from TRIC were TRIC to prevail here. If even two of the three judgment  
23 creditors, i.e., Norman and one or both of his two companies, had filed suit, there would not have  
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1 been jurisdiction here, and Norman would have been able to shuffle the funds between the  
2 entities after collection in the state courts. The only purpose for assigning the judgment to TRIC  
3 alone, for no consideration, the day before filing suit, was to create diversity jurisdiction.  
4 Although the assignment was complete, as in parent–subsidiary transfers, here there is just as  
5 good an opportunity for manipulation, as one natural person, Don Norman, is able to manipulate  
6 the legal interests of the assignors and the assignee.

7 **CONCLUSION**

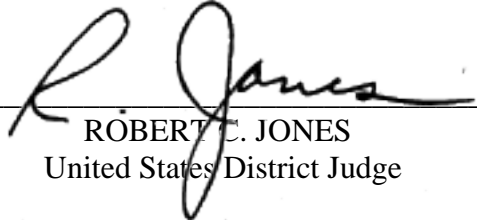
8 IT IS HEREBY ORDERED that the Motions to Dismiss (ECF Nos. 4, 8) are GRANTED.  
9 The case is DISMISSED for lack of subject matter jurisdiction.

10 IT IS FURTHER ORDERED that the Verified Petition for Permission to Practice Pro  
11 Hac Vice (ECF No. 14) is GRANTED.

12 IT IS FURTHER ORDERED that the Clerk shall close the case.

13 IT IS SO ORDERED.

14 Dated this 16th day of June, 2014.

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17 ROBERT C. JONES  
18 United States District Judge  
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